

Pensions Estimates

Planning for your retirement from the City of Philadelphia is very crucial. Being able to make an informed decision is essential mainly because there are no cost of living adjustments included in your City pension. In other words, the amount you retire on today is the amount you will receive for the rest of your life. Pension estimates are a good tool to assist you in your retirement planning.

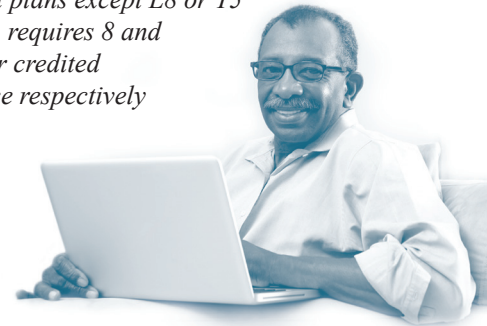
Pension estimates advise how much you are eligible for dollar wise based

on your credited service and earnings on the Board's records as of the time of your request. This estimate will also include any additional credited service you may have purchased i.e.; prior city service, leaves of absence, military time etc. Please be advised estimates will not be performed on projected earnings and are only provided once per year.

So if you have reached the minimum credited service* for your plan and wish to receive an estimate, you may call 215-496-7430 and

request an estimate. The estimate will be mailed to you and will provide your monthly retirement benefit enabling you to arm yourself with financial preparedness.

**10 years credited service required for all plans except L8 or Y5 which requires 8 and 5-year credited service respectively*



Direct Deposit Surpasses 30,000 Recipients!

Congratulations to the more than 30,000 pension recipients who have chosen to receive their monthly payment by direct deposit! You will have your January 31, 2013 pension payment in your bank account on January 31, 2013. You will be able to prepare for your Super Bowl party or pay for your winter getaway knowing that your money is where you need it to be.

If you are one of the remaining 4,000 pensioners that do not get their monthly payment by direct deposit, your check will go into the US Mail on January 31. If it doesn't snow you might receive it on Friday or Saturday, two days after everyone else has their money. If it does snow.... Don't let the weather dictate when you get your money. Call Ms. McCullough at 215-496-7416 and ask for a direct deposit authorization form today.

2013 Retirement Plan Contribution Limits

The Internal Revenue Code limits how much employees can contribute to a retirement plan each year and the 2013 contribution limits were recently announced.

Contribution limits vary depending on the type of plan, and the table below reflects the new 457 deferred compensation plan and IRA contribution limits.

457 Deferred Compensation Plan Contribution Limits	
Annual Deferral Limit	\$17,500
Age 50 Catch-Up Limit	\$5,500
Pre-Retirement Catch-Up Limit	\$17,500
Individual Retirement Account (IRA) Contribution Limits	
Annual Deferral Limit	\$5,500
Age 50 or older	\$6,500

For more information on the 2013 contribution limits, visit www.icmarc.org/contributionlimits.

To help us to serve you more effectively, when contacting this Board by mail, please provide your payroll/pension number or the last four digits of your Social Security number and your printed name.

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Preparing for your Retirement

Once you have made the decision to retire, you must notify your HR department since your appointment with the Board of Pensions can only be scheduled by them. Your department will notify you of your date and time to appear. You will also receive a confirmation letter from the Board of Pensions.

Before your appointment date, there are several requested documents you will need to gather. Please note that failure to bring all required documents will delay processing of your benefit. If applicable, bring the following original documents on the day of your appointment:

1. Proof of age for yourself and anyone you will name as a survivor (one of the following)
 - a. Birth Certificate
 - b. Passport
 - c. DD-214
 - d. Baptism Record
2. Marriage/Life Partnership Certificate
3. Medical & Prescription Cards
4. Your Social Security card
5. Voided check/ Savings Account # (for direct deposit)
6. Divorce Settlement Agreement and Decree
7. *DROP Distribution form (if retiring from DROP)
8. IRA rollover documentation (if retiring from DROP)
9. Documentary proof of all name changes

In general, it takes 45 days from your appointment date to receive your first pension check. Thereafter, you will receive your payment on the last business day of each month except December (see payment dates in this issue).

Once you retire, your monthly pension is what you will receive for the rest of your life. There are no cost-of-living adjustments. Therefore, if you wish to know what you are eligible for prior to making this life-changing decision, you may personally call 215-496-7430 and

request an estimate appointment. This estimate provides a summary detail of your retirement benefits and enables you to make a more informed decision.

* This paperwork is mailed to the member approximately 90 days prior to DROP end date.



Quarterly Performance

COP Pension Plan

For the quarter, the Pension Plan generated a return of 5.26%.

Equity Markets

Equity markets rebounded strongly in the third quarter due largely to central bank intervention around the world, bolstering the global economy by increasing the monetary supply. As investors were primarily preoccupied with the European recession and the slowing growth of many emerging markets, the rally was particularly notable in the U.S., with the S&P 500 appreciating +6.35% and volatility receding from the previous quarter. The Energy and Telecommunications Services sectors led the quarter, up +10.14% and 8.05%, respectively, driven largely by fundamentals. In terms of market capitalization and equity styles, large cap value stocks remained the strongest performing, while small cap growth stocks performed the worst. European indices were also up on the quarter, with the MSCI Europe Index gaining +8.76%; aggressive monetary measures taken by the ECB benefited the Financials sector in particular, which comprises a large portion of the European economy. While the MSCI Asia ex-Japan Index generated +7.19%

in returns, the Chinese stock market underperformed major benchmarks as the country tried to engineer a soft landing from an economy that once grew at a rate of 10% per year. Emerging markets also rallied, aided by a weaker U.S. dollar, with the MSCI Emerging Markets Free Index increasing by 5.91%.

Fixed Income, Commodities and Currencies

Fixed income yields in the U.S. continued their downward slide. Looking across indices over the quarter, the Barclays U.S. Aggregate Bond Index returned +1.59%, the 1-3 Year Government Bond Index returned +0.26%, and the Barclays High Yield Bond Index returned +4.53%. Treasury yields fluctuated over the quarter but remained largely unchanged from the previous quarter, by the end of September the yield for the 10-Year Treasury note stood at 1.67%, versus 1.65% at the end of June, and not far from the historic low of 1.43% recorded in the second quarter. The 30-Year Treasury bond yield increased to 2.82%. Credit-sensitive securities such as corporate bonds outperformed these rate-sensitive securities, and the spreads on corporate bonds narrowed as investors sought higher yielding, income generating securities. As such, high yield bonds were the best performing, and demand for these securities remains elevated despite absolute yields being below historic averages. Additionally, longer-dated bonds performed better than shorter-dated bonds. Commodities rose steadily throughout most of the third quarter, although the rally stalled toward the end of the September due largely to concerns over weak demand and a lack of broad-based price improvement. Gold, copper, and other industrial metals were winners over the quarter, but U.S. crude oil prices, which climbed throughout the period, have fallen sharply since mid-September as easing Middle East tensions have quelled concerns over a supply shock. Lastly, the dollar depreciated over the quarter; the yen/dollar rate was 77.80, the euro/dollar rate was .78, and the sterling/dollar rate was .62 at quarter end.

Structure of the Board of Pensions & Retirement

The City of Philadelphia Board of Pensions & Retirement was created by the City Charter and is charged with administering the Fund for more than 65,000 active and retired members. As of September 30, 2011, over 34,000 people were receiving some type of benefit from the Fund. The task of ensuring the accuracy and timeliness of benefit payments is among the duties of the Board's staff.

The Board is composed of Trustees. The Trustees include four (4) people elected by employees of the civil service, the Director of Finance, Managing Director, City Controller, City Solicitor, Personnel Director, and a non-voting member appointed by the President of City Council. The Director of Finance acts as the Chairperson for the Board.

The administration of the Fund on a daily basis is delegated by the Board to the Pension Board staff. The Executive Director of the Pension Board reports directly to the Board and is assisted by a knowledgeable and dedicated staff.

The Deputy Director and Chief Investment Officer provide expertise in the areas of benefits and investments respectively. The organization also includes four (4) benefit administrators and staff who work directly with the Deputy Director and Executive Director to ensure the proper evaluation and processing of benefits.

A Deputy Chief Investment Officer, along with Investment Officers and staff, work with the Chief Investment Officer to monitor the Fund's investments, work with the Fund's outside consultants and makes investment recommendations to the Board.

The staff also works closely with the City of Philadelphia Law Department in order to comply with all federal, state and local regulatory requirements of the Fund.

Board Election News

The Board recently conducted an election for its four employee representative seats. Veteran board members Carol Stukes, Ron Stagliano and Veronica Pankey won re-election and were sworn in at the Board's November meeting along with newly elected member Andrew Thomas.

Carol Stukes, currently retired following a 40 year career with the City, was first elected to the Board in 1994. Ms. Stukes chairs the Board's Medical Panel Sub-Committee & the Board's Proxy Committee.

Ronald Stagliano is a retired PPD detective after 33½ years. He was first elected to the Board in 2004 and currently serves as the Board's Vice-Chair. Mr. Stagliano has also chaired the FOP Lodge 5 Joint Healthcare Trust Fund since 1993.

Veronica Pankey, a Board member since 2011, is employed by Philadelphia Housing Development Corporation (PHDC). Ms. Pankey is also President of AFSCME 1971, where she has served from 2004 through 2010 and from 2012 through the present.

Andrew Thomas, the Board's newest member, is a 20 year veteran of the Philadelphia Fire Department. He is currently assigned as a HAZMAT Fire Lieutenant.

Spring 2013 Retirement Education Seminars

The Retirement Planning Seminars are targeted toward employees within five years of retirement and cover retirement benefits, retiree health & welfare benefits, deferred compensation, DROP, and financial education. Seminars are scheduled for the following dates:

January 24	(Plan J)
April 25	(Plan J)
February 28	(Plan Y)
May 23	(Plan Y)

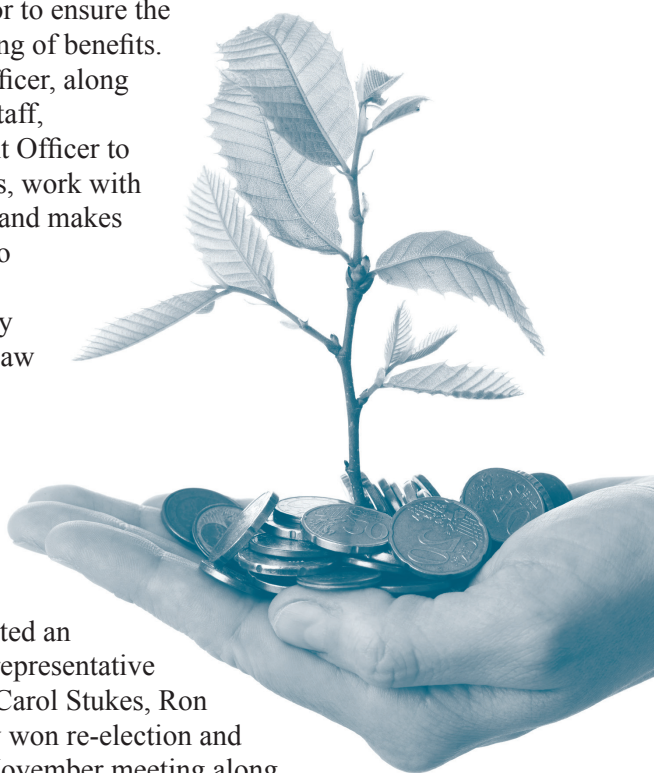
The one-day F.U.T.U.R.E. seminar is designed for vested employees 35-49 years old who want to get a head start on planning for their retirement. Topics covered include pension benefits, deferred compensation, legal considerations and financial education. Seminars are scheduled for the following dates:

February 7	(Plan Y)
May 9	(Plan Y)
March 14	(Plan J)
June 13	(Plan J)

All registration for these seminars must be arranged through your department's Training Officer.

Medical Care Flexible Spending Accounts

IF YOU PARTICIPATE IN PUTTING ASIDE PRE-TAX DOLLARS IN AN ELIGIBLE Medical FSA account, please be sure to retain all medical provider receipts or invoices after you pay with your FSA card. The FSA administrator will often require you to submit a copy of the receipt to verify that the payment qualifies under the Medical FSA tax rules and regulations. If you have any questions, your Medical FSA provider will be glad to assist.



John Reilly Leaves Pension Board

John A. "Moon" Reilly a Board Member since 1976, sat at his final Board meeting in November. Mr. Reilly began his long career with the City of Philadelphia on January 9, 1956. He was hired as a Fireman (a title that was then gender-specific) and was paid an annual salary of \$3,583. He served steadily in this capacity until February 2, 1977, at which time he was granted a leave of absence from his position to serve the Fire Fighters Union.



Mr. Reilly was duly elected and served from 1977 through 1981 as President of Local Union Number 22, of the International Association of Fire Fighters (IAFF). On July 1, 1981, he returned to active duty in the Philadelphia Fire Department and continued to serve until his retirement on September 14, 1988.



Mr. Reilly was first elected to the City of Philadelphia, Board of Pensions and Retirement in November of 1976 and has served continuously since that time as an Employee Trustee representing the City's civil service employees at large. Since 1980, he has served on the Board's Subcommittee on Investments. In 1995, he became a member of the Subcommittee on Deferred Compensation Plans. Additionally, John Reilly is a member of the National Conference on Public Employee Retirement Systems (NCPERS), the largest national, nonprofit public pension advocate, where he serves on the Executive Board and as Chairman of the Bylaws Committee and as a member of the Budget and Auditing committees.

The Board wishes him the best after 36 years of dedicated service to the Board of Pensions and it's members.

Keep in Touch When You Move

Retirees must make sure to notify the Board of Pensions whenever they change addresses. The Board frequently receives mail that is returned by the postal service due to an incorrect address. If the Board determines that a pensioner cannot be located, monthly payments may be discontinued until contact can be reestablished. To prevent this from happening, please be sure to keep the Board up to date when you move.

Board of Pensions and Retirement Trustees:

Rob Dubow	Chairperson, Finance Director
Ronald Stagliano	Vice Chairperson, Elected Employee Representative
Alan Butkovitz, Esq.	City Controller
Shelley Smith, Esq.	City Solicitor
Carol Stukes	Elected Employee Representative
Albert D'Attilio, Esq.	Director of Human Resources
Richard Negrin, Esq.	Managing Director
Veronica M. Pankey	Elected Employee Representative
Andrew Thomas	Elected Employee Representative
Folasade Olanipekun-Lewis	City Council Representative

2013 Payment Dates-Clip and Save

Regular monthly pension payments for 2013 are scheduled for the dates listed below. Direct deposit payments will be in your account on these dates. For non-direct depositors, the dates below are the dates on which checks will be mailed. Except for December, these payment dates are always the final working day of the month.

January	31	July	31
February	28	August	30
March	28	September	30
April	30	October	31
May	31	November	29
June	28	December	17



IMPORTANT TELEPHONE NUMBERS

Board's Main Number
215-496-7400

Board's Fax Number
215-496-7420

City Administered Life Insurance
215-686-2327

Deferred Compensation
215-568-1960

District Council #33 Health & Welfare
215-895-3300

District Council #47 Health & Welfare
215-893-3775

DROP Applications
215-496-7412

Firefighters Local #22
215-440-4400

FOP
215-629-3600

Pension Estimate Appointments
215-496-7430

Pension Withdrawal Applications
215-496-7407

Police Law Enforcements Health Benefits (LEHB)
215-763-8290

Purchase of Service Applications
215-496-7451
215-496-7452

Retiree Direct Deposit Application
215-496-7416

Retiree City Administered Blue Cross
215-496-7422

Retiree City Administered Keystone Health Plan East
215-496-7423

Union Bug



Union Bug